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SOCIAL SECURITY FOR FARMERS AND FARM WORKERS 1/

Farmers are not covered by social insurance under the Social Security Act, although millions of other Americans are protected by this program. Farm people, however, face the same hazards of unemployment, sickness, disability, old age, and death as the industrial and commercial employees now covered by unemployment insurance and old age and survivors insurance. The following is a summary of the principal provisions of the present Social Security Act, the important changes being proposed, and how they would affect farmers.

What the Social Security Act Now Provides.

1. Old-age and survivors insurance.--This is a nationwide program covering all persons employed in industry and commerce. Costs are paid by contributions from employers and workers. Benefits are paid monthly to retired insured workers over age 65 and their wives if over that age. Surviving widows, their children, and aged dependent parents of deceased insured workers are also entitled to monthly benefits. More than 60% of present beneficiaries are women and children.
2. Unemployment compensation.--Each of the 48 States, and Alaska, Hawaii, and the District of Columbia, operates its own unemployment insurance program and pays benefits out of funds collected by State taxes on employers. Four States also tax employees. The Federal Government pays administrative expenses of the State systems, but benefits and coverage depend largely on State laws. Coverage is limited to employers of 8 or more persons in 23 States, 4 or more in 7 States, and 1 or more in 8 States. The plans of the remaining States have other coverages, some based solely on the size of the employer's payroll.
3. Public assistance.--This consists of three Federal-State programs of assistance to the needy aged, the needy blind, and to dependent children. Federal grants-in-aid match State expenditures for assistance, and pay part of State administrative costs. Eligibility for assistance, depends on need and in some States also upon citizenship, and residence. Residence requirements, definitions of "need," and payments vary considerably among the States.

INSURANCE BENEFITS

Old Age and Survivor's Insurance

Retirement benefits are paid monthly to retired insured workers over age 65. The amount depends on the average monthly wage of the worker in covered employment and on the number of years of coverage. Examples are given in the following table.

1/ This statement is based on factual information supplied by the Social Security Board.

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TABLE 1. Monthly Retirement Benefit Rates
("Primary benefit" rates of insured persons)

Average Monthly Wage	Years of Coverage						
	3	5	10	15	20	30	40
\$ 50	\$20.60	\$21.00	\$22.00	\$23.00	\$24.00	\$26.00	\$28.00
100	25.75	26.25	27.50	28.75	30.00	32.50	35.00
150	30.90	31.50	33.00	34.50	36.00	39.00	42.00
200	36.05	36.75	38.50	40.25	42.00	45.50	49.00
250	41.20	42.00	44.00	46.00	48.00	52.00	56.00

Monthly benefits for aged wives of workers receiving retirement benefits are equal to 50% of the husband's "primary benefits."

Survivor's benefits are related to the worker's "primary benefit" rate which depends on his average monthly wage and years of coverage at the time of his death. (See Table 1.) Monthly benefits to individual survivors of an insured worker are computed at the following percentages of his "primary benefit":

Each child under age 16 (18 if in school) -- 50%

Widows (over age 65, regardless of whether they have children of the worker in their care) -- 75%

Widows (regardless of age, if they have dependent children of the worker in their care) -- 75%

Each aged dependent parent (if there were no other eligible survivors) -- 50%

The total of benefits to the survivors of an individual is limited to \$85 per month, or to twice his "primary benefit," whichever is lower.

Lump-sum benefits are paid to surviving relatives or to friends who have paid funeral expenses for the deceased in case the insured worker dies without leaving a survivor immediately eligible for monthly benefits. The maximum amount is six times his "primary benefit."

Unemployment Compensation.--Weekly benefits are paid out of State funds to insured workers, able and willing to work who are unemployed through no fault of their own. The rate and duration of benefits varies by States. In most States benefits are equal to about half the worker's weekly wages in a "base" period, and benefits may be paid for 14 to 23 weeks, depending on the State law, if the worker remains unemployed that long in any given year.

NEW PROPOSALS

1. Wider insurance coverage.--Proposals have been made to bring the following new groups into the social insurance program: (a) self-employed persons, including independent farm operators; (b) farm wage workers, including regular hired hands, day workers, piece workers, contract laborers, and persons in quasi-agricultural industries, such as fruit and vegetable packing, nursery work, and cotton ginning; and (c) others, including domestic service workers, employees of non-profit organizations; Federal, State and local government employees.

Unpaid family workers would remain excluded except as they might qualify for benefits as dependents or survivors of insured workers.

2. Added protection.--The following new types of insurance are also proposed by the Social Security Board: (a) Insurance to prepay the costs of medical care; (b) insurance to prepay the costs of hospital care; (c) insurance to replace partially wages lost due to temporary disability; and (d) insurance to replace partially income lost due to permanent disability.

The existing and proposed kinds of social insurance coverage that would be provided for specific groups are indicated by "yes" in the following chart:

Coverage and Types of Protection Offered
Under Proposed Expanded Social Insurance Programs

	Groups that would be covered			
	Non-farm wage workers	Farm wage workers	Farm operators and other self-employed persons	
<u>Existing</u>				
Old-age and survivor's insurance	Yes	Yes	Yes	Yes
Unemployment compensation	Yes	Yes		No
<u>Proposed</u>				
Medical cost insurance ^{1/}	Yes	Yes		Yes
Hospital cost insurance ^{1/}	Yes	Yes		Yes
Permanent disability insurance	Yes	Yes		Yes
Temporary disability insurance	Yes	Yes		No

^{1/} Wives and children of insured family heads would also be entitled to prepaid medical and hospital service.

3. Medical and Hospital Benefits.--Under a proposed plan for these benefits the insured farm family would select its own physician and obtain services as needed. The costs, regardless of the amount, would be paid from insurance funds. All necessary arrangements with doctors, hospitals and others would be worked out on a local basis. In each area of administration -- local, State, and Federal -- policies and operations should also be guided by advisory boards representing those who pay the insurance contributions and those who provide the service.

4. Other proposed changes.--Liberalization of requirements for old-age and survivor's insurance benefits and increased monthly benefits under this program have been proposed. Old-age and survivor's insurance credits would be given for military service during the war emergency. Federal grants to States for public assistance would be liberalized for States with per capita incomes below the national average, residence requirements would be eliminated, and paid medical care for recipients of public assistance would be provided. The Federal Government would also make grants to States for general assistance under the Social Security Board's proposals.

FINANCING SOCIAL SECURITY FOR FARMERS

1. The contribution rate.--How much farmers would pay for social security would depend on the kinds of protection they would receive. At present employers and employees covered by old-age and survivor's insurance pay 2% on covered wages (1% from each). These rates are scheduled to rise to 3% for worker and 3% for employer by 1949. Under a proposed expanded program contributions equivalent to about 3% of annual earnings would pay for adequate basic medical and hospital services for

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both workers and their dependents. A more comprehensive system would cost the equivalent of about 4%. These costs would be no more than is now spent by the average family and is less than the average expenditure by families in the low-income groups.

2. How contributions would be collected.--For their own social insurance reports it has been suggested that farmers making income tax returns could use the same form. They would report their incomes for social security purposes, and on an additional short section would pay their contributions along with their income-tax payments, either annually or quarterly. Farmers not making such returns could estimate on a quarterly basis what they had earned. Or they could pay contributions based on the estimated value of their services to their farming enterprise.

For his help, the farmer who employs a number of regular hands and keeps payroll records could send in quarterly payroll reports to the collector of Internal Revenue and pay his and the employees' contributions at quarterly intervals. (Employees' contributions would be deducted from their wages.) For farmers with few regular hired hands, a stamp plan could be used. The farmer would buy special wage stamps from any postoffice or rural mail carrier and insert them in stamp books carried by the workers. Half the cost of the stamps would be deducted from the workers' wages as their contribution. The same plan could be used by farmers employing temporary seasonal help, whether or not they also made payroll reports on their regular crew. Farmers not using paid labor would not be required to buy wage stamps or make payroll reports.

3. How earnings and self-employed income would be credited.--For old-age and survivors insurance, permanent disability insurance and medical and hospital cost insurance, all wages earned in covered employment, including paid farm labor and other newly covered employment, plus the annual net income from farm operation or other self-employment, would be given equal credit in establishing the individual's right to these benefits. Thus, a farmer who also operates a tourist camp or fishing resort, works in a factory in winter, and helps his farming neighbors for wages at peak seasons, would obtain credits from four sources: farming, other self-employment, factory work, and farm labor.

The maximum "wages" creditable to any person are \$3000 per year. Earnings above this amount are not taxable. Contributions made on the excess earnings are refundable. All earnings from covered wage employment, including paid farm employment, would receive equal credit in establishing the individual's right to unemployment compensation or temporary disability benefits. Income from farm operation or other self-employment would not be counted for these types of benefit.

WHAT SOCIAL SECURITY OFFERS FARMERS

A modern way of meeting the old need.--Farmers have always sought security, chiefly through ownership in land. Many have failed to attain it, for farming is subject to many serious natural hazards; and the unpredictable workings of market forces beyond his control affect the farmer's income just as much as the effects of natural hazards. Moreover, there are always the personal hazards.

The growing complexity of our society has made it necessary for most people, including farmers, to rely on insurance and other group methods of protection, rather than on families or friends, for security against the emergencies and uncertainties of life. Even those who have acquired some security through farm ownership are frequently unable to enjoy assured comfort in their old age, because the return on their investments is often uncertain, or inadequate for a decent standard of living. A regular monthly cash income, such as participation in the old-age and survivors insurance program would provide, would be a welcome source of additional income to most retired farmers and their wives. It would, moreover, be a certain and continuing source of income that they need not fear outliving.